

Dahab Associates, Inc.
Investment Manager Request for Proposal - 2015

Short Duration Fixed Income

Alabama PACT Trust Fund

1. Introduction

The Alabama Prepaid Affordable College Tuition Program (PACT), located in Montgomery, Alabama, is conducting a search for domestic investment grade only short duration fixed income managers under the guidance of their investment consultant, Barry Bryant, CFA. The fund has approximately \$103 million in total assets. It is expected that the initial funding for the short duration fixed income portfolio will be \$103 million. Candidate firms should have expertise in managing portfolios in the investment grade short duration fixed income style. The goal is to identify managers with a proven record of performance. The short duration fixed income portfolio will be managed against the Barclays 1-3 Year Government/Credit benchmark.

This Request for Proposals (hereinafter "RFP") is issued in accordance with the requirements of Section 41-16-72(4), Code of Alabama (1975). This RFP is not an offer to contract but seeks the submission of proposals from qualified, professional firms that may form the basis for negotiation of an Investment Management Agreement with one or more Investment Managers. *The Board reserves the right to reject any or all proposals and to solicit additional proposals if that is determined to be in the best interest of the Alabama PACT Trust Fund.*

All proposals timely received will be reviewed and evaluated by the Investment Consultant. The Consultant will recommend proposals to the Investment Committee or Board that most closely meet the requirements of the RFP.

2. Timetable

Proposals are due: July 10, 2015 at 5:00 PM ET

(This applies for both CD/DVD and emailed copies.)

Final presentations: TBA

After the review and evaluation of the proposals, the Board may conduct interviews. Finalists chosen for interviews, if necessary, will be notified. The Board reserves the right to request a best and final offer for fees from finalists.

3. Beason-Hammon Alabama Taxpayer and Citizen Protection Act Compliance

The Beason-Hammon Alabama Taxpayer and Citizen Protection Act (§§31-13-1 et. seq, Code of Alabama, 1975 as amended by Act 2012-491) regulates illegal immigration in the State of Alabama. All contracts with the State or a political subdivision thereof must comply with that law.

For the purposes of this RFP and any responding Proposal, the following sections of that law impose specific requirements: Section 9 (a) of the Act provides “As a condition for the award of any contract, grant, or incentive by the state, any political subdivision thereof, or a state-funded entity to a business entity or employer that employs one or more employees, the business entity or employer shall not knowingly employ, hire for employment, or continue to employ an unauthorized alien within the State of Alabama.”

Section 9(b) of the Act requires “As a condition for the award of any contract, grant, or incentive by the state, any political subdivision thereof, or a state-funded entity to a business entity or employer that employs one or more employees within the State of Alabama, the business entity or employer shall provide documentation establishing that the business entity or employer is enrolled in the E-Verify program.”

As provided in the Act a **“business entity”** is *any person or group of persons performing or engaging in any activity, enterprise, profession, or occupation for gain, benefit, advantage, or livelihood, whether for profit or not for profit* and an **“employer”** is defined as *any person, firm, corporation, partnership, joint stock association, agent, manager, representative, foreman, or other person having control or custody of any employment, place of employment, or of any employee, including any person or entity employing any person for hire within the State of Alabama, including a public employer. This term shall not include the occupant of a household contracting with another person to perform casual domestic labor within the household.*

A Proposal must include a statement that the Proposer has knowledge of this law and is in compliance. Before a contract is signed, the Contractor awarded the contract must submit a Certificate of Compliance (see Appendix) and, unless exempt because it has no employees in the State of Alabama, a complete copy of the Memorandum of Understanding issued by the United State Department of Homeland Security upon enrollment in the E-Verify Program. E-Verify enrollment can be accomplished at the website of the United States Department of Homeland Security at <http://www.uscis.gov>.

4. History of the PACT Program

PACT is a qualified 529 prepaid college tuition savings program whereby prepaid college tuition contracts were sold to purchasers to pay in advance college tuition and qualified fees for beneficiaries. The program is no longer open to enrollment. The PACT Trust Fund holds the program assets.

A class action settlement agreement was entered into between PACT Class Members and the PACT Board of Directors and Trustees in 2011 to establish a baseline monetary amount to be remitted in the future as payment of tuition and fees under PACT contracts. The settlement is expressly conditioned upon the appropriations of earmarked funds to the PACT Trust Fund as set forth in Act 2010-725.

The PACT Trust Fund has assets, as of March 31 2015, of approximately \$103 million. The allocation of program assets is 100% fixed income and will be for the remaining life of the program. Currently, Longfellow and MacKay Shields are managing portfolios of approximately \$47 million each to the benchmark. Other remaining monies are cash of approximately \$8 million and residuals from prior portfolios that are in the process of liquidation. Dahab Associates assists the PACT Board with performance review and investment policy.

Based upon actuarial reports, it is expected that the Trust Fund balance could fluctuate from approximately \$5 million to approximately \$90 million until 2032, which is the remaining expected life of the program.

Information about the PACT program including the current Investment Policy and Manager Guidelines is available at the Treasurer’s website www.treasury.alabama.gov.

5. Minimum Qualifications

In order to be considered for selection, the Firm must meet the following minimum qualifications listed below. The Firm has a continuing obligation to disclose information throughout the RFP process should any qualifications or situations change that might render the Firm as an unqualified candidate.

1. Company is duly registered with the Securities & Exchange Commission pursuant to the Investment Advisors Act of 1940, as amended, and the registration is current.
2. Company selected shall qualify with the Secretary of State to conduct business in the State of Alabama and must keep current. (To download the form for a "Certificate of Existence", access www.sos.state.al.us, corporations division, or call 334-242-5324 to request the form.)
3. The portfolio manager assigned to the account has managed investment grade short duration fixed income portfolios for at least three (3) years, as of March 31, 2015.
4. Company has managed investment grade short duration fixed income portfolios for at least three (3) years, as of March 31, 2015.
5. Company does manage at least \$300,000,000.00 in investment grade short duration fixed income as of March 31, 2015.
6. Company and its personnel have all authorizations, permits, licenses, and certifications as may be required under federal, state or local law to perform the services specified in this RFP at the time it submits a response to the RFP.
7. Company will carry errors and omissions insurance or comparable instrument to cover negligent acts or omissions.
8. Company maintains sufficient procedures and capabilities to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to the PACT account.
9. Company has a company policy and practice of equal employment opportunity and non-discrimination based on race, creed or gender.
10. Company will comply with *The Beason-Hammon Alabama Taxpayer and Citizen Protection Act*.

6. Scope of Services

1. The Manager shall develop a fixed income portfolio of statutorily acceptable securities. The mandate for the portfolio will be investment grade short duration fixed income. It is expected that the initial funding for the investment grade short duration fixed income portfolio will be approximately \$103 million.
2. The Manager shall have independent discretionary authority with respect to the investment of that portion of the assets managed by the Manager, subject to the Code of Alabama, Investment Guidelines and such other written limitations as the Board may impose upon the Manager. A copy of the Investment Guidelines is available at www.treasury.alabama.gov. If the respondent opposes any language in the guidelines, this should be addressed in the proposal.
3. The Manager shall provide reporting, to include monthly valuation, monthly performance reports, and significant changes in corporate structure, and other data to the Consultant.
4. The Manager shall document all investment transactions with the Custodian in accord with usual and customary standards of practice, and confirm all executed transactions for custodial account records. The current custodian is the BNY Mellon.

7. Agreement

All duties of the Consultant shall be set forth in a contract agreement between the Consultant and the Board. The contract will be for a five year term. The contract will incorporate reference to the requirements of the RFP and the Consultant's proposal, as negotiated.

In compliance with the Beason-Hammon Alabama Taxpayer and Citizen Protection Act (§31-13-9(k), Code of Alabama, 1975, as amended), the contract will include the following language:

“By signing this contract, the contracting parties affirm, for the duration of the agreement, that they will not violate federal immigration law or knowingly employ, hire for employment, or continue to employ an unauthorized alien within the State of Alabama. Furthermore, a contracting party found to be in violation of this provision shall be deemed in breach of the agreement and shall be responsible for all damages resulting therefrom.”

You are charged with knowledge that there are certain terms standard to most commercial contracts in private sector use which the Board is prevented by law and policy from accepting. These include (1) indemnification and hold harmless of the vendor or third parties, (2) consent to choice of law and venue other than the State of Alabama, (3) methods of dispute resolution other than negotiation and non-binding mediation, (4) waivers of subrogation and other rights against third parties and (5) some provisions limiting damages to the cost of goods or services.

8. Public Information

All responses received will be subject to the Alabama Open Records Act, §36-12-40, Code of Alabama and may be subject to public disclosure upon request. The Open Records Act is remedial and should therefore be liberally construed in favor of the public. The Alabama Trade Secrets Act is §8-27-1 through §8-27-6, Code of Alabama. Responders are cautioned to be familiar with these statutes. The burden is on the one asserting the trade secret to show that the information sought to be protected meets the definition of a Trade Secret as defined in the Act.

Any RFP response submitted that contains confidential, trade secrets or proprietary commercial information must be conspicuously marked on the outside as containing confidential information, and each page upon which confidential information appears must be conspicuously marked as such. Identification of the entire Proposal as confidential is not acceptable unless the Firm enumerates the specific grounds or applicable laws which support treatment of the entire material as protected from disclosure according to the foregoing statutes or other applicable Alabama law.

The owner of the confidential information shall indemnify and hold the State of Alabama, the State Treasurer, and Treasury staff harmless from all costs or expenses, including but not limited to attorney fees and expenses related to litigation concerning disclosure of said information and documents.

Guidelines for filling out this RFP

Please note, that submissions must be made in ***both*** a CD/DVD and emailed version, as instructed below.

Dahab Associates, Inc. electronically processes all RFP submissions. We require that your responses adhere to the following guidelines. All instructions given throughout this RFP must be followed, and all responses must be received on time. **Failure to comply with these requirements may lead to disqualification in accordance with applicable laws and/or client's guidelines.**

Note: This individual document must be renamed in accordance with the "Submission Guidelines" section, reflecting the firm name, submitting product, and asset class.

- Fill out this specific RFP Document, as opposed to updating an old copy. This RFP contains electronic bookmarks to allow automated processing of this document.
- **Save this RFP document as a Microsoft Word Document** (.doc, .docx or .docm are acceptable).
 - **Do not save as an Adobe PDF** file.
 - Do not compress this document it, password protect it, or set to read-only. For compliance purposes, the CD/DVD will be considered the read-only, unalterable, permanent version of your submission.
- Do not copy/paste tables from another RFP into this RFP as it may overwrite our bookmarks.
 - You may copy and paste the paragraphs of text for long-answer questions (for example team structure, history or investment philosophy) into the cell. However, please refrain from doing this for statistics, fees, performance figures, and other brief answers.
- If you are curious the bookmarks in this document, and want to see exactly where they occur, press ALT+I+K within Word to display a list of them. Please do not modify them in any way.
- Do not put disclaimers or clarifications into your answer boxes, or superscripts referring to footnotes, especially after statistics.
 - Do not indicate that your provided statistics differ from what those requested. Simply leave the entire box cell blank if you are unable to provide the statistic.
 - Any compliance related disclosures may be placed in the footer of the page, but without superscripts.
- If statistical information for a given question is unavailable (e.g. short life of fund or too close to quarter end), **leave the cell blank only.**
 - **Do not provide similar but unrequested information, even if you wish to clarify how the data differ from the requested information**
- General non-statistical data may be presented as of the most recent available information, and may be more current than the statistical data (for example, team or client departures/additions should reflect the most current available information).
- Do not change the formatting, markup or overall appearance of this RFP to match the aesthetics of your firm's presentational material. Minor changes are allowable, such as changing font sizes or the font face, if required by your compliance department.
- **Preferred format for monetary denominations (to maintain consistency among submissions):**

- To **one** decimal place for billions and trillions
 - **No** decimal places for thousands or millions.
 - mm for millions, k for thousands, B for billions and T for trillions.
 - Correct examples would be \$434mm, \$500k and \$8.2B
 - **Incorrect examples** (we'd have to change these by hand) would be \$434,234,495.33, \$20.5mm or \$8,212mm.
- Always answer questions fully in the space provided. Never reference another document or another question in this RFP in lieu of answering the question asked.
 - **Specifically, never refer to other documents for fee schedules, performance numbers, or attached organization charts, regardless of whether that document is included with your submission.**
 - Answer within the provided cell. All cells in this document will expand to accommodate the size of your response.

Electronic Submission (Email) Instructions:

- Electronic submission of RFP must follow the guidelines below for proper recognition of the submission.
- Attach in your email, at a minimum the additional required documents as outlined in the General Submission Guidelines. These may not be referenced in lieu of answering questions directly in the RFP. These documents should be provided as separate files attached to the same email. Do not zip the files. Other than the RFP submission, they may be provided in the format of your choosing.
- Do not submit your RFP via a download service, or secure email attachment (which would require a login to a secure site to retrieve submissions). All submissions must include all files as attachments that are directly attached to the email itself, unzipped and never password protected. It is the responsibility of the submitting firm to ensure that their submission is made in accordance with this rule, and no exception to this rule will be made.
 - Submissions that are accidentally transmitted as secure emails will require a resubmission in the clear if they are noticed in a timely manner. However we cannot guarantee that our system will identify improperly sent submissions in a timely manner or at all.
 - If any documents typically trigger secure email systems, it is acceptable to zip that file on its own so that it may be sent as a standard attachment. This very often pertains to prospectuses. Any other documents that do not trigger such automatic secure emails should not be zipped.
 - Many firms have systems that automatically handle adding prospectuses and other attached files to outgoing emails. It is the responsibility of the submitting firm to determine a suitable way to attach those documents in a way that complies with our guidelines.
- If size constraints affect your email, you may submit your electronic documents in multiple emails, using the exact same subject line for each (emails with the same subject line get combined automatically by our process). Our email server can accept emails totaling at least 10MB in size.
- Please ensure you name the RFP file accordingly, and if this file is reviewed by your firm's compliance, make sure that they know to maintain the title and that the subject email is important as well. Do not add additional portions to the name (i.e. do not add a section number)
 - Email to: rfp@dahab.com
 - Fixed Income
 - Subject: RFP: AlabamaPACT-FI-[firm name]
 - Filename: AlabamaPACT-FI-[firm name]-[product name].docx
- Submission emails should only contain the electronic document being submitted, with no questions or important content referenced within the body of the email itself. Text included in submission emails will likely not be read.
- Note that submissions should be for one product per email/subject line.

General Submission Guidelines

- Include a cover letter that binds the firm contractually. This letter must have the consent of an individual authorized to approve this document, and must indicate the individual advising this. A digital signature is welcome, but not necessary.
 - The cover letter should be named “Cover Letter-[firm name]-[product name]” in your choice of format, PDF or Word Document both acceptable
 - The letter should be brief and indicate the specific search for which the proposal is intended and any investment vehicles for which this search is being offered (and for which any minimums fees/account sizes are waived, if applicable). It should name the strategy under consideration and the portfolio manager responsible for the performance. Indicate how long that person has been in that position. Any changes within the last year or contemplated within the year with respect to the firm, the ownership structure, or personnel should be explained. Also, state that the proposal is irrevocable for 120 days.
- Submit an **email** proposal in accordance with the electronic submission instructions outlined above.
- Submit a **CD or DVD** **labeled** with company name, name of the client, search description, and due date to both **Dahab Associates AND Alabama PACT**. **This label should be directly on the CD/DVD itself, as its case will be removed prior to storage.**
- Unless specifically requested, no paper copies should be sent with this submission.
- **For the shipped materials identify the search on the outside of the package used for shipping. Indicate the type of search and the name of the client. For some clients, failure to label your box will result in disqualification if the box is opened prior to the required due date.**
- Please be mindful of the amount of the shipping materials you use. We prefer paper or cardboard mailing envelopes, when size allows. If larger packaging is required, please use the **smallest** box that will adequately hold your submission.
 - Padding such as bubble wrap is unnecessary, and a paper CD envelope is adequate.
 - We do not hold it against respondents if a submission is damaged in transit, and we will simply request that it be sent again.

The following documents should be submitted with each portion of your submission. All requested documents should also be provided on the CD/DVD copy. The CD/DVD will represent your immutable submission for compliance purposes.

For Email Submission :	For CD/DVD Submission (Dahab and Alabama PACT):
<p>The email should contain the following as separate attachments to one email. Do not zip the files. The email may not be submitted through secure email services.</p>	<p>Place the company name, name of the client, search description, and due date <u>directly on the CD/DVD</u> itself.</p>
<ul style="list-style-type: none"> • This RFP • The cover letter • A State of Alabama Disclosure Statement, which may be downloaded from the Alabama Attorney General's web site at: http://www.ago.state.al.us/File-AL-Vendor-Disclosure-Statement • A sample portfolio holdings sheet, broken out by industries/sectors. • Quarterly returns of the product since inception • A copy of your organizational chart • A sample contract or PPM (if applicable) • A prospectus, if applicable (zipped, to avoid any automatic secure email systems) • A standard pitch book for the product or general strategy, if available. • <u>Please, do not attach an Annual Report, as they tend to be of large size.</u> 	<ul style="list-style-type: none"> • CD/DVD submission should include every submitted document from the email submission, including the Disclosure Statement • On the CD/DVD: Forms ADV • No printed documents should be submitted, unless specifically requested. • No promotional documents/annual reports/etc.

The Board reserves the right to reject any or all proposals and/or to solicit additional proposals if that is determined to be fiscally advantageous to the State or otherwise in its best interests. Dahab Associates reserve the right to accept or reject any proposals, or any parts thereof, and to waive any formalities in the proposal, constrained by any applicable laws and guidelines, if it is deemed in our client's best interests to do so.

CD/DVD Submission Guidelines (in addition to emailed submission)

The CD/DVD should be shipped to **BOTH**:

Brittany Matthews
Office of State Treasurer
State Capitol, Suite S-106
600 Dexter Avenue
Montgomery, AL 36104

AND

William Dahab, CFA
Director of Research
Dahab Associates, Inc.
423 South Country Road
Bay Shore, New York 11706

Guidelines For Asking Questions

- Questions about this RFP and search should go to Bill Dahab, Director of Research at Dahab Associates.
 - Phone: 631-665-6181
 - Email: wdahab@dahab.com
 - Subject line: **Question: Alabama PACT – FI**
- The integrity of the Request for Proposals process is of primary importance and will not be compromised. Any written or oral communications beyond the RFP Response made by responders, or others on their behalf, whether paid or unpaid, to influence the selection process, from the time the RFP is issued through its conclusion, made directly or indirectly to the Treasurer, Board members or Treasury staff will be grounds for immediate elimination from the selection process. Bill Dahab is the sole point of contact.
- Any oral communications shall be considered unofficial and nonbinding on the State.

Dahab Associates, Inc.
Investment Manager Request for Proposal - 2015

Short Duration Fixed Income

Alabama PACT Trust Fund

Company Name	
Investment Style	
Product Name	
Principal Address	
Telephone Number	
Email Address	
Individual Completing this RFP	
Position	
Mailing Address (if different from above)	
Telephone Number (if different from above)	
Fax Number	
Date Completed	

Firm Name	
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Summary

General Information:

Firm Name	
Product Name	
Location of Headquarters (City, State) or (City, Country if Non-US)	
Name of Parent Company, or "Independent"	
Tax-Exempt Assets Under Management	
Total Assets Under Management	
Year Founded	
Year Registered	
Contact Name	
Contact Number	
Contact Email	

Minimum Qualifications**Please provide a 'Yes' or 'No' answer only**

1. My Company is duly registered with the Securities & Exchange Commission pursuant to the Investment Advisors Act of 1940, as amended, and the registration is current.
2. My Company shall qualify with the Secretary of State to conduct business in the State of Alabama if selected. (To download the form for a "Certificate of Existence", access www.sos.state.al.us, corporations division, or call 334-242-5324 to request the form.)
3. The portfolio manager assigned to the Alabama PACT Trust Fund account has managed domestic fixed income portfolios for at least three (3) years, as of March 31, 2015.
4. My Company has managed domestic fixed income portfolios for at least three (3) years, as of March 31, 2015.
5. My Company does manage at least \$300,000,000 in domestic fixed income portfolios as of March 31, 2015.
6. My Company and its personnel have all authorizations, permits, licenses, and certifications as may be required under federal, state or local law to perform the services specified in this RFP at the time it submits a response to the RFP.
7. My Company will carry errors and omissions insurance or comparable instrument to cover negligent acts or omissions.
8. My Company maintains sufficient procedures and capabilities to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to the Alabama PACT Trust Fund account.
9. My Company has a company policy and practice of equal employment opportunity and non-discrimination based on race, creed or gender.
10. My Company attests that all workers providing the services described in this RFP are either citizens of the United States or are in proper and legal immigration status that authorizes them to be employed for pay within the United States.

Which of the following types of products are available for this search? This selection should indicate that any minimum account sizes for the product are either met or waived for this search. Indicate with an "X." There will be room to elaborate on the product offerings elsewhere in this document.

Separate Account	
Commingled Funds	
Mutual Fund	

Please provide the following figures for a representative account, with the data as of
the end of 1st Quarter 2015

Do not submit the following data for any other quarter, even if footnoted as such.

It is acceptable to submit preliminary data, if necessary.

Only provide statistics for indicated time-periods
(i.e. do not put 3-year alpha when 5-year alpha is requested)

All statistics (including but not limited to Alpha and Batting Average) for active managers, must
be relative to the:

Barclays 1-3 Year Government/Credit Index

All statistics must be based on quarterly numbers, never monthly, even when the question isn't
explicit in that regard. All statistics should be annualized.

Fixed Income Product Information:

Product Name		
Typical Number of Issues Held		
	3-Year	5-Year
Batting Average (% of quarters beating benchmark)		
Alpha		
Standard Deviation		
Portfolio Turnover, 12-month Rolling, excluding repos (%)	%	%
	5-year Average	Current
Quality		
Maturity		
Duration		
Coupon		
% U.S. Government	%	%

% AAA (Non-USGov)	%	%
% AA (Non-USGov)	%	%
% A	%	%
% BBB	%	%
% Non-Investment Grade	%	%
% Domestic Bonds	%	%
% Developed International	%	%
# Developed International Countries		
% Emerging Markets		
# Emerging Markets Countries		
Hedging (%)		
Product Inception		
Preferred benchmark for this product		
Total Assets in Composite		
Total Assets In Strategy		

Firm Affiliation

1. Is the firm independent? _____
2. Is the firm registered under the Investment Advisors Act of 1940? _____
3. Is the firm a subsidiary of, or related in any way to: _____

A brokerage firm	
Insurance company	
A bank	
Other	

4. What is the name of the parent company? _____
5. Please provide details of the ownership structure of the firm. _____
6. If the firm is related in any fashion (financially or otherwise) to any other entity, explain. _____

General Background Information

1. Please indicate the types of accounts that your firm currently manages: _____

Domestic Equity		Socially Conscious	
Fixed Income		Hedge Fund of any type	
Balanced		Institutional Mutual Funds **	
International		Retail Mutual Funds	
Global			

2. Please provide the location and function of each of the firm's offices. _____
3. Please give a brief history of the firm. _____
4. When was the firm founded? _____
5. When was it registered as an investment advisor? _____
6. When did the firm begin to manage tax exempt accounts? _____
7. Describe the level of error and omission insurance coverage the firm carries. _____
8. Are you now the subject of a SEC or other regulatory body sanction? If so, explain. _____
9. Has the firm ever been subject to a SEC or other regulatory body sanction? If so, explain. _____
10. Discuss, in detail, any litigation brought against the firm in the last five years. _____

11. Provide details of any claims, disputes, litigation or other legal proceedings where your firm is involved with the State of Alabama or any of its agencies, or has been involved, in the three preceding years.

12. Describe all arrangements or understandings (written or oral) between your firm and any advisor, broker, law firm, or other individual or entity in connection with the solicitation or referral of clients between the firms.

13. Please provide details on the financial condition of the firm.

14. Provide a breakdown of assets by type of Investment Strategy. (for example, Mid Cap Growth, Core Fixed Income, Emerging Markets, etc.)

Investment Strategy	# of Accounts	\$ Value

15. Please provide a breakdown of the FIRM'S accounts & assets in the following table:

	# of Accounts	\$ Value
Tax Exempt Assets:		
ERISA		
Public		
Taft-Hartley		
Endowment		
Foundation		
Religious Order		
Other		
Total Tax-Exempt		
Taxable Assets:		
Personal Trusts		
Commingled		
Total Taxable		
Mutual Funds:		
Equity		
Fixed Income		
Money Market		

Total Mutual Funds		
Overall Total		

16. Provide a breakdown of the PRODUCT'S accounts & assets in the following table:

	# of Accounts	\$ Value
Tax Exempt Assets:		
ERISA		
Public		
Taft-Hartley		
Endowment		
Foundation		
Religious Order		
Other		
Total Tax-Exempt		
Taxable Assets:		
Personal Trusts		
Commingled		
Total Taxable		
Mutual Funds:		
Equity		
Fixed Income		
Money Market		
Total Mutual Funds		
Overall Total		

17. What are your firm's plans for growth of these assets?

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18. Are there plans for limiting growth in any of the above areas?

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19. How does your firm plan to staff the growth of the firm described above?

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20. Give five (5) references for your services.

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21. State the average size of the firm's 5 largest tax-exempt funds.

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22. Indicate the number & assets of tax-exempt accounts the FIRM gained & lost in each category:

Gained	2011		2012		2013		2014		2015	
	#	\$	#	\$	#	\$	#	\$	#	\$
Public										
ERISA										
Taft-Hartley										
Endowment										
Foundation										
Religious Order										
Other										
Total										

Lost	2011		2012		2013		2014		2015	
	#	\$	#	\$	#	\$	#	\$	#	\$
Public										
ERISA										
Taft-Hartley										
Endowment										
Foundation										
Religious Order										
Other										
Total										

23. Please discuss any unusually large number of accounts or assets lost.

24. Indicate the number & assets of tax-exempt accounts the PRODUCT gained & lost:

Gained	2011		2012		2013		2014		2015	
	#	\$	#	\$	#	\$	#	\$	#	\$
Public										
ERISA										
Taft-Hartley										
Endowment										
Foundation										
Religious Order										
Other										

Total										
Lost	2011		2012		2013		2014		2015	
	#	\$	#	\$	#	\$	#	\$	#	\$
Public										
ERISA										
Taft-Hartley										
Endowment										
Foundation										
Religious Order										
Other										
Total										

25. For the PRODUCT, please discuss any unusually large # of accounts or assets lost.

Investment Philosophy & Implementation

- Describe the structure of the product's investment team, including how many members the team has and the responsibilities of each member. Include an organizational chart which details the flow of information used in the decision making process.
- How long has each member of the team worked with this product? Have there been additions or departures in the last 3 years for the team managing the proposed product? Please explain.
- What is the # of accounts and account volume (in \$) that is handled by this team?
- Do the same groups manage equity, fixed income, & balanced portfolios at the firm?
- Does the firm employ a central trading desk?
- If yes, describe the trading operation & the traders' qualifications.
- Does the firm have an investment committee?
- If yes, describe how it operates & the background/experience of the members.
- If applicable, how often does the investment committee meet?

Fixed Income Investment Philosophy

1.	Please indicate which categories most correctly identify your product's fixed income style:	
	Interest Rate Anticipation	
	Sector/Security Approach	
	Limited Risk (Hedged)	
	Fixed Duration or Passive	
	Index Funds	
	Other (please specify)	

2.	In one or two <u>brief</u> sentences, please describe your product's investment philosophy.
3.	Describe the investment process including how <u>buy and sell</u> decisions are made.
4.	When was the investment philosophy established?
5.	Has this philosophy been implemented for the last five years? If not, are the creators of the previous philosophy still with the firm?
6.	What is considered to be the competitive advantage of the philosophy?
7.	What changes have been made to the investment process in the past 5 years?
8.	In what market environments is the strategy expected to outperform/underperform?
9.	Please explain any significant quarterly underperformance over the past five years.
10.	Are managers given minimum quality criteria for their fixed income selections? If so, please describe the criteria.
11.	Describe the use of cash in the fixed income process.
12.	What range of cash is typical?
13.	If applicable, describe your hedging strategy.
14.	If derivative securities are part of the fixed income program, what kinds are they & to what end?

15.	Detail the internal oversight used to control the risk (leverage) inherent in this portion.
16.	What is the current percentage of emerging markets included in the portfolio? What is the maximum exposure allowed?
17.	Please complete the following developed markets country allocation chart:

	Product	Benchmark
Europe:		
Austria		
Belgium		
France		
Germany		
Ireland		
Italy		
Portugal		
Spain		
Switzerland		
UK		
Scandinavia:		
Denmark		
Finland		
Netherlands		
Norway		
Sweden		
Asia:		
Hong Kong		
Japan		
Singapore		
Middle East:		
Greece		
Far East:		
Australia		
New Zealand		
Other:		
Total:		

18. Please complete the following emerging markets allocation chart:

	Product	Benchmark
Latin America:		
Argentina		
Brazil		
Chile		
Colombia		
Mexico		
Peru		
Venezuela		
Asia:		
China		
India		
Indonesia		
Korea		
Malaysia		

Pakistan		
Philippines		
Taiwan		
Thailand		
Europe/Middle East & Africa:		
Czech Republic		
Egypt		
Hungary		
Israel		
Jordan		
Morocco		
Poland		
Russia		
South Africa		
Turkey		
Other:		
Total:		

19. Please provide a breakdown of the Investment Type for the product relative to its benchmark, as of the most recent quarter-end.

	(Product)	(Benchmark)
Foreign Gov't Bonds	%	%
Foreign Corp Bonds	%	%
Yankee Bonds	%	%
US Bonds	%	%
Cash & Equivalents	%	%
Other (please specify)	%	%

20. Please provide a breakdown of the Quality distribution for the product relative to its benchmark, as of the most recent quarter-end.

	(Product)	(Benchmark)
AAA	%	%
AA	%	%
A	%	%
BBB	%	%
BB	%	%
B	%	%
CCC or below	%	%
Not Rated	%	%
Other	%	%

21. Please provide a breakdown of the Maturity distribution for the product relative to its benchmark, as of the most recent quarter-end.

	(Product)	(Benchmark)
0-1 Years	%	%
1-3 Years	%	%
3-5 Years	%	%
5-10 Years	%	%
10+ Years	%	%

22. For the most recent period available please indicate the Product's top ten holdings:

	<u>Name</u>	<u>Coupon</u>	<u>Maturity</u>	<u>%</u>
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				
% Total				

23.	Explain your use of hedging, if applicable.
24.	For hedging, how do you manage counter-party risk?
25.	Explain any investments made with collateral.

Research

- What percentage of research is generated internally?
- What percentage of research is obtained from outside sources?
- Please describe how the research operation within your firm works.
- Please describe how your firm obtains and pays for outside research reports.

5. Please name the three primary sources of data and/or analyses upon which your firm relies.

(1)

(2)

(3)

6. Who coordinates the firm's research effort & what are their qualifications for that position.

Personnel

1. In the table below, indicate the appropriate number of employees employed in each category.

	2012	2013	2014	2015
Equity portfolio managers				
Bond portfolio managers				
Balanced fund managers				
Equity research analysts				
Bond research analysts				
Economists				
Management and Administrative (Compliance, Operations)				
Computer professionals				
Clerical				
Other (Marketing, Client Service, Trading)				
Total				

2. Please provide biographical information on all key members of the proposed product's asset mgmt team, including years of experience with this asset class & years with the firm.

3. In the last 3 years, how many professional employees have left the firm for any reason?

4. What qualifications are typical of the PMs, include yrs w/ firm, \$ under mgmt & # of accounts.

5. Please describe the method of compensation employed for portfolio managers.

6. Please describe the method of compensation employed for research analysts.

Performance

1. Is your firm in compliance with GIPS?
2. If yes to the above, has your GIPS compliance been audited?
3. If yes to the above, who performed the audit?

Performance – as of 1Q2015

Investment Style	
Product Name Used For Performance	
Inception Date	
Account Type	
Benchmark Used	
Portfolio Manager/Team Leader	
Years Managing this Product	

Only include **RETURNS FOR COMPLETE YEARS'** performance in the table below.

Do NOT place returns for partial years in the table below, even if noted as incomplete.

Partial years and their performance may **only** go in the indicated box above.

Only complete years may be included in the returns below. List incomplete years, if any, this product has had in the box to the right.

Commingled Funds and Separate Accounts **must** provide Gross of Fees Returns
Mutual Funds **should** submit Gross of Fees numbers if you have access to those numbers,
and must provide Net of Fees numbers at a minimum.

Never delete any of the below columns for any reason, even if you are leaving it blank.

These returns are **in addition** to the requirement to submit a complete quarterly returns since inception document, as described in the instructions section at the beginning of this RFP.

Period	Return Gross of Fees	Return Net of Fees	Preferred Benchmark Return	# of Accounts for Product	Assets (\$) in Composite
2005					
2006					
2007					
2008					
2009					
2010					
2011					
2012					
2013					
2014					
1 st Quarter 2015					
Annualized 3-year					
Annualized 5-year					

Fee Structure

- Do not state your firm's fees outside of the gray boxes below, or refer to outside documents.
- Do not copy/paste your fee schedule from older RFPs into this document.
- Follow the convention laid out in the Fee Structure boxes below. You may add additional “__ bps on next \$__ mm” lines as needed.
- **For each product type being proposed for this search, fill out its corresponding table in its entirety.**
- For products that have no minimum size, be sure to state that. If a minimum fee is used instead of a minimum account size, fill out the appropriate row.
- For products where the minimum size is either waived or has been met, still indicate the products' standard minimums, so that we have it for our records.
- Managers shall be entitled to receive quarterly compensation.
- Fees shall be payable based upon the fair market value on the last business day of each quarter as reported by the PACT Trust Fund Custodian.

Separate Account (if applicable)

Fee structure	__ bps on first \$__ mm __ bps on next \$__ mm __ bps on balance
Minimum account size	
Minimum annual fee (if used instead of minimum size).	
Is fee structure negotiable?	
Is minimum size negotiable?	
If minimum account size is more than this mandate, is it waived?	
Is a most-favored nation clause available and/or is the proposed fee an MFN fee?	
State any legal restrictions for clients (e.g. only open to Qualified Investors, ERISA, Pension plans, etc.)	

Commingled Funds (if applicable)

Name of Fund	
Fee Structure	__ bps on first \$__ mm __ bps on next \$__ mm __ bps on balance
Minimum Size	
Minimum annual fee (if used instead of minimum size).	
Is fee structure negotiable?	

Is minimum size negotiable?	
If minimum account size is more than this mandate, is it waived?	
Describe the liquidity of this vehicle	
Is a most-favored nation clause available and/or is the proposed fee an MFN fee?	
State any legal restrictions for clients (e.g. only open to Qualified Investors, ERISA, Pension plans, etc.)	

Institutional Mutual Fund (if applicable)

Name of Fund	
Ticker	
Net Expense Ratio	__ bps
Full Expense Description	
Minimum Size	
Is minimum size negotiable, and is it being waived (if applicable)?	
Assets in This Fund	

Appendix

Before a contract is signed, the Contractor awarded the contract must submit the following Certificate of Compliance:

CERTIFICATE OF COMPLIANCE WITH THE BEASON-HAMMON ALABAMA TAXPAYER AND CITIZEN PROTECTION ACT (ACT 2011-535, as amended by Act 2012-491)

RE **Contract/Grant/Incentive** *(describe* *by* *number* *or* *subject):*
 _____ **by** **and** **between**
 _____ **(Contractor/Grantee)** **and**
 _____ **(State Agency or Department or other**
Public Entity)

The undersigned hereby certifies to the State of Alabama as follows:

1. The undersigned holds the position of _____ with the Contractor/Grantee named above, is authorized to provide the representations that are set out in this Certificate as the official and binding act of that entity, and has knowledge of the provisions of THE BEASON-HAMMON ALABAMA TAXPAYER AND CITIZEN PROTECTION ACT (ACT 2011-535 of the Alabama Legislature, as amended by Act 2012-491) which is described herein as "the Act".
2. Applying the following definitions from the Section 3 of the Act, the Contractor/Grantee business structure is as indicated by my initials.

BUSINESS ENTITY. Any person or group of persons employing one or more persons performing or engaging in any activity, enterprise, profession, or occupation for gain, benefit, advantage, or livelihood, whether for profit or not for profit. "Business entity" shall include, but not be limited to the following:

- a. Self-employed individuals, business entities filing articles of incorporation, partnerships, limited partnerships, limited liability companies, foreign corporations, foreign limited partnerships, foreign limited liability companies authorized to transact business in this state, business trusts, and any business entity that registers with the Secretary of State.
- b. Any business entity that possesses a business license, permit, certificate, approval, registration, charter, or similar form of authorization issued by the state, any business entity that is exempt by law from obtaining such a business license, and any business entity that is operating unlawfully without a business license.

EMPLOYER. Any person, firm, corporation, partnership, joint stock association, agent, manager, representative, foreman, or other person having control or custody of any employment, place of employment, or of any employee, including any including any person or entity employing any person for hire within the State of Alabama, including a public employer. This term shall not include the occupant of a household contracting with another person to perform casual domestic labor within the household.

- _____ a. The Contractor/Grantee is a business entity or employer as those terms are defined in Section 3 of the Act.
- _____ b. The Contractor/Grantee is not a business entity or employer as those terms are defined in Section 3 of the Act.

3. As of the date of this Certificate, Contractor/Grantee does not knowingly employ an unauthorized alien, as that term is defined in Section 3 of the Act, within the State of Alabama and hereafter it will not knowingly employ, hire for employment, or continue to employ an

unauthorized alien within the State of Alabama.

{Alien is any person who is not a citizen or national of the United States, as described in 8 U.S.C. § 1101, et seq., and any amendments thereto.}

{Unauthorized Alien is an alien who is not authorized to work in the United States as defined in 8 U.S.C. § 1324a (h)(3).}

4. Contractor/Grantee is enrolled in E-Verify unless it is not eligible to enroll because of the rules of that program or other factors beyond its control.

Certified this _____ day of _____ 20____.

Name of Contractor/Grantee/Recipient

By: _____

Its _____

The above Certification was signed in my presence by the person whose name appears above, on this _____ day of _____ 20____.

WITNESS _____

Print Name of Witness